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Conner McEleney is a Political Science major at the University of Illinois at Urbana-Champaign, where he advocates for the concepts of liberty, free markets, and limited government. His academic interests center on exploring political philosophy and economic theory. On campus, Conner serves as both the chapter president and former state chair of Young Americans for Liberty, where he leads efforts to promote pro-liberty legislation across college campuses. In this role, he organizes events, engages students in discussions on free-market principles, and works to build a strong network of student leaders committed to constitutional values. In addition, Conner works for Campus Reform as a correspondent, where he reports on liberal bias that most newspapers don't report on.

Many progressives, such as Robert Reich or Elizabeth Warren, have criticized income inequality. Many of these criticisms stem from arguments such as taxes or poverty. Even though economists such as Phil Gramm, the author of *The Myth of American Inequality: How Government Biases Policy Debate*" have debunked similar arguments about inequality in America, in great detail. However, there is an underrated argument by progressives that criticizes inequality. It is an economic theory developed by Obama's economist, Alan Krueger, called the "Great Gatsby Curve."

The theory states, according to Obama's economist David Vandivier, there is a

> . . .connection between concentration of wealth in one generation and the ability of those in the next generation to move up the economic ladder compared to their parents. The curve shows that children from poor families are less likely to improve their economic status as adults

> in countries where income inequality was higher – meaning wealth was concentrated in fewer hands – around the time those children were growing up.

This argument has been used to justify Obama's agenda for increasing the minimum wage, universal pre-K, and even Obama's signature policy—Obamacare.

One problem with the Great Gatsby Curve, if we assume the data is correct, is that its findings are exaggerated. The economist Greg Mankiw argues that the Great Gatsby Curve interpretation is a data illusion. According to Mankiw,

> . . .if we looked at Europe as a whole, rather than each nation separately, we would find that Europe as a whole has more inequality and less mobility than the individual countries. That is, Germans are richer on average than Greeks, and that difference in income tends to persist from generation to generation.

What this means is that, because the US combines states, it misleads the meaning of the data. Since there are "the persistently rich Connecticut with the persistently poor Mississippi, so why not combine Germany with Greece?"

The logic of the argument is echoed by a paper published in the American Economic Association that looked at immigrants with similar socioeconomic backgrounds to the native population. The study found that immigrants had a higher mobility rate despite their socioeconomic background because of their willingness to move to an area with more opportunities than natives.

Another problem is that the theory commits a correlation equals causation fallacy. It assumes that progressive policies are the cause of both lower inequality and higher income mobility rates. As the Nobel prize-winning economist Milton Friedman once said, "A society that puts equality before freedom will get neither. A society that puts freedom before equality will get a high degree of both."

Milton Friedman's theory is backed by the research of economist Christopher J. Boudreaux's assessment of the data and academic studies on the topic. In his paper, he finds that,

> . . .empirical estimates in this study suggest that lack of corruption and secure property rights are associated with reductions in intergenerational earnings persistence, which leads to greater income mobility. In addition, empirical support is found for the Great Gatsby effect in the data.

This shows that higher degrees of free markets, such as stronger property rights and support for entrepreneurship, will both increase mobility and decrease inequality. While on the hypothesis that increasing government spending on social programs like education or healthcare, as proposed by Obama's economists. Boudreaux finds little support for the theory; instead, it's the institution of overall impact.

Finally, the problem with the Great Gatsby Curve is that it treats mobility as prosperity, even though a person can live a thriving lifestyle without moving up the economic ladder. Economist Ryan McMaken analyzed an economic category of a country's success, disposable income, as defined as "(income from work and capital) after accounting for public cash transfers received and direct taxes and social security contributions paid."

McMaken found that when you break the US into states and compare it to other countries. Mississippi—the poorest state at ($32,580)—is richer than Finland ($30,727), even though Finland ranks higher than the US overall in mobility.

The Great Gatsby Curve may be an interesting argument to critique inequality. Even though it suffers from data exaggeration and other factors. The Great Gatsby Curve will never reach the green light of economic reality.

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